

THE REJECT SHOP

The Reject Shop Limited
ABN 33 006 122 676
245 Racecourse Road
Kensington, Victoria, 3031
Australia

Ph: (03) 9371 5555
Fax: (03) 9372 1211

www.rejectshop.com.au

14 January 2019

ASX/Media Announcement

**FIRST HALF FY2019 TRADING UPDATE
RECONFIRM RECOMMENDATION TO REJECT ALLENSFORD'S OFFER**

The Reject Shop Limited (**The Reject Shop**) is pleased to provide the following trading update for the first half of FY2019.

Based on preliminary unaudited results, The Reject Shop expects net profit after tax for the six months to 31 December 2018 to be approximately \$10.5 million.

The Reject Shop's Chairman, Bill Stevens, noted that the result is "consistent with the guidance provided in the trading update issued by The Reject Shop on 17 October 2018; and re-affirmed in the Company's target's statement dated 3 December 2018 in response to the on-market takeover offer by Allensford Pty Ltd as trustee for the Allensford Unit Trust. Notwithstanding the ongoing challenges of a very competitive retail environment, our team members responded in presenting a November and December store offering that was well supported by our customers."

Further details of the first half of FY2019 performance will be provided when The Reject Shop formally releases its half year results in accordance with the scheduled timetable on 20 February 2019. The financial information included in this release is still subject to review by The Reject Shop's auditor.

Mr Stevens further commented: "Today's announcement is issued in the context of the takeover offer from Allensford, which is currently due to close on 22 January 2019. Allensford's replacement bidder's statement dated 3 December 2018, together with its second supplementary bidder's statement dated 20 December 2018, contained a number of speculative comments in respect of The Reject Shop's trading performance over the first half of FY2019 that have been shown to be unfounded. Amid a backdrop of highs and lows over the past few years, your Board continues to believe in the long-term growth prospects of The Reject Shop's business, which has remained profitable despite the extremely challenging and fluctuating retail environment."

Accordingly, the Board re-affirms its previous recommendation that shareholders **REJECT** Allensford's offer by **DOING NOTHING** in relation to that offer.

Consistent with usual practice, The Reject Shop intends to provide further commentary on the full year outlook on 20 February 2019, and notes that it typically generates a higher proportion of full-year sales in the first half and has often traded at a loss in the second half.

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The Reject Shop shareholders who have questions about the Allensford offer can call The Reject Shop information line on +61 3 9371 5555.

The Reject Shop will keep its shareholders fully informed of further developments.

Contacts

The Reject Shop Limited

Ross Sudano
Managing Director

T: 03 9371 5555

Darren Briggs
Chief Financial Officer & Co.
Secretary
T: 03 9371 5555

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